

# Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Date Title

25 Nov 08 **Retail Distribution Review leaves questions to be answered – says Consumer Panel**

David Lipsey, speaking at the FSA's conference on the Retail Distribution Review said today:

"We need to see more of the detail of the new era for financial advice as envisaged by the FSA in the RDR before giving it our full support. There are still the following questions to be answered:

- The guided sales process. How is it going to work, how is it going to be kept up to date, is it going properly to incorporate complicating factors such as the interaction between financial products and the benefits system?
- The remuneration of sales people. If it is right that independent advisers should not be remunerated by commission, can that also apply to non-independent advisers? And some simple solutions are also simplistic: for example, it is not enough to ban sales-linked remuneration if every month those advisers who have not sold as much as they are targeted to sell are dismissed.
- The qualifications of those in the non-independent sector, where the panel believes that these should be parallel to those in the independent sector. There are important questions for the financial services industry here. Some believe that a successful business model can be built on the basis of such a qualified workforce. Others don't.
- The cost to customers. Of course one way or another they are going to have to pay for the guidance they are getting. Is this going to be properly transparent to them, as it should be?
- The products that can be sold. The idea of a simple suite of products – the so-called Sandler products – has been discredited, largely because the model was so constructed and regulated as to prove unprofitable, so what will the new products look like?"

David Lipsey also welcomed much of the progress that the FSA has made in setting out a new regulatory regime for financial advice for consumers – particularly in tackling the potential for commission bias, provider bias and professional standards.

– ends –

## MEDIA ENQUIRIES

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## Notes to editors

1. The FSA established the independent Financial Services Consumer Panel in December 1998 to advise its Board on the interests and concerns of consumers and to report on the FSA's performance in meeting its objectives. The Consumer Panel has statutory status.
2. The emphasis of the Panel's work is on activities that are regulated by the FSA, although it may also look at the impact on consumers of activities outside but related to the FSA's remit. More information about the Panel's work is available on our website – [www.fs-cp.org.uk](http://www.fs-cp.org.uk).
3. The Consumer Panel brings together a wide range of relevant experience. This includes financial services regulation, working with vulnerable consumers, consumer protection, consumer education, front-line money advice, legal expertise, competition policy, public policy analysis, market research and media.
4. There are currently twelve members of the Panel as listed below (for further information on individual members, see the Panel's website – [www.fs-cp.org.uk](http://www.fs-cp.org.uk))

Lord Lipsey (Chairman)

Adam Phillips (Vice Chairman)  
Kay Blair  
Michael Chapman  
Stephen Crampton  
Caroline Gardner  
Jenny Hamilton  
Tony Hetherington  
Nick Lord  
David Metz  
Lindsey Rogerson  
Carol Stewart